

The following is our understanding of House Bill 743. For purposes of this document, school district means a school district or public charter school. If you have further questions, please contact Julie Oberle at 332-6842 or at jaoberle@sde.idaho.gov.

Additional State Match/Lottery Moneys

Will we receive money in addition to the lottery payment we receive in August?

Section 8 of House Bill 743 explains the allocation of additional state moneys if lottery funds are insufficient to meet the state funding requirements of this section. It states: Annually, the state will provide funds to be deposited in the school building maintenance fund as follows:

- (a) Divide one (1) by the your school district's value index for the fiscal year (calculated each August by SDE)
- (b) Multiply the result by $\frac{1}{2}$ of one percent (0.5%) of the replacement value of school buildings (student-occupied square footage multiplied by \$80)
- (c) This amount is then compared to your lottery distribution. If your lottery distribution is larger than this calculated dollar amount, you will receive no additional state match. If the amount calculated in (b) above is greater than your lottery distribution, the difference is your "additional" state match and will be distributed by the SDE to your school district or charter school.

When will this additional money be distributed to qualifying districts?

A specific date was not included in House Bill 743. To calculate the payment, the amount of lottery dollars paid to each school district, as well as the Bond Levy Equalization index must be known. Both of these factors will be available by August 31, so payment should be made shortly thereafter.

Where will we deposit the lottery payment and the additional state match money?

This money, plus the balance to satisfy the two percent match requirement, should be deposited to your School Facilities Maintenance Fund 240. Specifically, revenue code 437000 should be used for the lottery money and additional state funds deposited to Fund 240.

Do we have to deposit all of our lottery money into this new School Facilities Maintenance Fund 240?

Probably. Most school districts will be required to deposit all of their lottery dollars to Fund 240. Very few school districts will have lottery dollars in excess of the required state match. If your school district is one of the few receiving lottery dollars in excess of the required state match, the SDE will assist you in determining how much "excess" money can be deposited into either Fund 240 or into the Plant Facilities - Lottery Fund 425. If you choose to deposit the money into Fund 425, the dollars can only be spent for purposes that a bond is passed (33-1102, Idaho Code). If the excess is deposited into Fund 240, it can only be spent for the maintenance and repair of school buildings (33-1019(3), Idaho Code).

What is the BLE Value Index? How do I determine my BLE Value Index?

The Bond Levy Equalization (BLE) Value Index is a ratio calculated by the SDE as required by 33-906B, Idaho Code, to provide a subsidy to school districts passing bond issues after September 15, 2002. The subsidy is based on a formula that provides a subsidy to school districts that decreases as the fiscal abilities of school districts increases. The three factors that determine fiscal ability are: the adjusted market value per support unit (50%), the county unemployment rate (25%), and the county per capita income (25%). For purposes of this calculation, Idaho Code, Section 33-1019, assigned charter schools a value index of one (1).

This calculation is made by the SDE and will be made available to school districts each year in September.

Are you saying we can now spend lottery dollars out of Fund 240?

No. Idaho Code now requires all districts to *deposit* a specified portion of their lottery dollars into Fund 240. No expenditures will be made out of Fund 240. Instead, expenditures will be made out of the general fund or out of Fund 430, depending on the expenditure. Many school districts will only be using the general fund for their maintenance expenditures unless they have a major improvement they want to expend out of a Plant Facilities Fund or they have a plant facility levy.

Square Footage Calculation**How do we calculate our square footage?**

Each school district is responsible for determining its square footage for student-occupied buildings. All school buildings that are owned or are leased through a lease purchase agreement and are occupied by students must have their square footage included. If *any* portion of a building is occupied by students, the entire building's square footage must be included.

What about the square footage of our bus barn? We only have one shop class in that building.

Since the building is student occupied, the entire square footage of the bus barn must be included.

Who do we send the square footage information to?

Deb Stage, SDE Management Assistant, will be working with districts on the collection of square footage data. She can be reached at 332-6853 or at DDStage@sde.idaho.gov.

We have a concession stand at our football field. Concessions are sold by student groups and their parents as a fundraiser. Do we need to include that square footage in our student occupied total we report to you?

No. The building is not being used for academic purposes.

We are currently constructing a new school building that will be occupied by students once it is completed. We hope to be done by January. Do we include the estimated square footage in our total reported to the SDE?

Yes. All actual and all anticipated student-occupied square footage should be included in your report to Deb Stage at the SDE. The square footage should also be included in your calculation when determining the replacement value of school buildings.

Spending the money...

Is there a specific date that we must make the two percent (2%) transfer?

No. The transfer can occur anytime between July 1, 2006 and June 30, 2007.

Now that we've set the two percent aside, what can we spend it on?

Section 8 of House Bill 743 requires the moneys in the school district's school building maintenance fund be used exclusively for the maintenance and repair of school buildings. It states further that the money shall be utilized first to abate serious or imminent safety hazards as identified pursuant to chapter 80, title 39 of Idaho Code.

If you have no serious or imminent safety hazards, the money may be expended for the general maintenance and repair of student-occupied school buildings.

Should the custodians be coded to the new function code 664 – Maintenance of Student-Occupied Buildings?

That depends. If the custodians are performing custodial type duties, then no, their time should be coded to function code 661 – Buildings – Care Program (Custodial). However, if the custodians are also performing maintenance duties at student-occupied buildings, then that portion of their time spent on maintenance activities can be coded to function code 664.

How do we know if an activity should be classified as Custodial or Maintenance?

The IFARMS manual describes *Custodial* as the programs concerned with the daily custodial needs and the utility services for all school buildings in the district.

Maintenance is described as the activities concerned with the physical maintenance of buildings in the school, i.e. the annual repairs, modifications, and improvements necessary to provide safe facilities and equipment for the school programs. The National Center for Educational Statistics further defines maintenance as those activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.

Perhaps a further test would be to determine what the activity is accomplishing. If it is satisfying a daily need, it is custodial. If it is an activity that is performed on a seldom or infrequent basis, it is preventative maintenance.

We've never used our lottery money for salaries before. Are you saying we can now do so?

Yes, for that portion of your lottery dollars deposited into Fund 240. Any “excess” lottery dollars you deposit into Fund 425 can only be expended for the purposes authorized in section 33-1102 of Idaho Code.

Our sidewalks, parking lot, and our outdoor bleachers have all been identified as safety hazards. Can we use the School Building Maintenance money for these repairs?

No. Section 8 of House Bill 743 states the moneys in the school district’s maintenance fund shall be used exclusively for the maintenance and repair of school buildings. School buildings are later defined as buildings that are occupied by students.

We have a covered seating area attached to the building. Can we use School Building Maintenance money for maintenance and repairs?

No. Even though the seating area is attached to the building, a covered seating area is not considered a student-occupied building.

Can we use School Building Maintenance money for repairs to our playground equipment and grounds? Students use those during recess and lunch.

No. Section 8 of House Bill 743 states the moneys in the school district’s maintenance fund shall be used exclusively for the maintenance and repair of school buildings. Grounds and outdoor playground equipment were not included as eligible items.

Can we use School Building Maintenance money for the salary and benefits of our technology person, who is responsible for maintaining the technology related wiring within our schools?

No. This type of “maintenance” does not qualify as the maintenance and repair of school buildings.

Can Fund 240 have a fund balance at year end?

Yes. Idaho Code 33-1019 requires school districts to annually deposit the funds into a school building maintenance fund and that those funds only be used for the maintenance and repair of student-occupied school buildings. If a school district doesn’t fully spend the money deposited into this fund, the unspent funds will be carried forward into the following fiscal year.

So, if I carry a balance forward from FY07 into FY08, does this reduce the amount my school district has to deposit into Fund 240?

No. Idaho Code requires school districts to *annually* deposit to the school building maintenance fund an amount equal to at least two percent of the replacement value of school buildings.

Can we use School Building Maintenance money for repairs to equipment inside the building? We have boilers and air-conditioning units needing repair.

Yes. Repairs and maintenance to equipment within student-occupied buildings are eligible expenditures.

99% of our maintenance workers' time is spent on student-occupied buildings. Is it reasonable to code all of their time to function code 664, Maintenance – Buildings and Equipment (student occupied), knowing if a major project comes up for a non-student-occupied building, then that time will be coded to function code 663, Maintenance – Buildings and Equipment (non-student occupied)?

Yes.

Can we use Fund 240 money for the travel expenditures of our maintenance workers as they travel from building to building? Some of our buildings are thirty or more miles apart.

Yes. If the travel expenditures are necessary and directly related to maintenance workers performing their job duties, we believe a school district could reasonably code these expenditures to function 664.

Can we use Fund 240 dollars for the training of our maintenance workers? How about for their training seminars?

Most likely, yes. If the expenditures are reasonable and necessary for the maintenance workers to perform their job duties, the expenditures are allowable.

Accounting Changes

What changes are being made to the IFARMS codes?

Section 8 of House Bill 743 requires school districts to annually deposit to a *school building maintenance fund* moneys equal to at least two percent of the replacement value of school buildings, less the deposit of lottery dollars and any state match dollars the district may receive. Currently, there is no such school building maintenance fund in IFARMS. Two new funds and one function/program code will be added to accommodate the requirements of House Bill 743: Fund 240 is now the School Building Maintenance (Student Occupied) Fund, Fund 430 is the Plant Facilities - School Building Maintenance (Student Occupied) Fund, and Function/Program code 663 is the Maintenance – Non-Student-Occupied Buildings. Function/Program code 664 – Student Occupied Maintenance – Buildings should only be used for repairs and maintenance expenses related to student-occupied buildings.

Districts will deposit state lottery dollars and any additional state match received to Fund 240, revenue code 437000. The remaining amount necessary to satisfy the two percent match requirement will also need to be deposited or transferred into this Fund 240 sometime during the fiscal year. No expenditures will be made out of this fund. Instead, qualifying general maintenance expenditures will be coded to Fund 100, Function/Program Code 663. Expenditures for qualifying major improvements should be coded to Fund 430.

Once qualifying expenditures have been made in either Fund 100 or Fund 430, a transfer out of Fund 240 can be made to "reimburse" the fund incurring the qualifying expense.

The decision was made to continue coding general maintenance expenditures to Fund 100 to keep general maintenance expenses in the maintenance and operations fund of the districts. If these expenditures were coded to another fund, there would be a dilution of general fund expenditures per student and a decrease in the tuition rates calculated for each school district.

Do we need to keep Plant Facilities – Lottery Fund 425 in our accounting system?

A few districts will receive lottery dollars in excess of the state match requirement. For those districts, the “excess” funds can be deposited into either Fund 240 or into their Lottery Fund 425.

You would also consider keeping this fund if you have a cash balance in your lottery fund at June 30, 2006. If you elect to keep the money in this lottery fund instead of transferring the balance to Fund 240, then the same restrictions for lottery dollars will remain in place.

Other Questions

We just passed a bond to build new schools and to cover maintenance projects of existing school buildings for the next several years. Can I include the bond’s maintenance portion towards meeting the two percent requirement?

No. Idaho Code 33-1019 specifically states that school districts must annually deposit funds equivalent to two percent of the replacement value of student-occupied buildings into a school building maintenance fund. Bond covenants do not allow a transfer out of your bond construction fund (fund 410) into other funds.

We used a municipal financing lease to replace roofs and fund major maintenance concerns for student-occupied buildings. Can we use Fund 240 dollars to pay the lease payments?

No. Funds from the School Building Maintenance Fund 240 can only be used for the maintenance and repairs of school buildings and may not be used for debt payments.

We have a cash balance at June 30, 2006, in our Plant Facilities – Lottery Fund 425. Can we transfer this balance to Fund 240 in FY07 and use as part of our two percent match?

Yes. Remember, though, that once the funds have been transferred out of the Plant Facilities Lottery Fund and into Fund 240, the money can only be used for the maintenance and repairs of student-occupied buildings.

Can Fund 240 dollars be used to purchase or rent modular classroom if overcrowding is a documented safety issue by the Department of Building Safety?

No. Idaho Code 33-1019 (3) states the moneys in the school building maintenance fund shall be used exclusively for the maintenance and repair of student-occupied school buildings.